

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8178

BILL NUMBER: HB 1967

DATE PREPARED: Jan 21, 1999

BILL AMENDED:

SUBJECT: Campaign finance.

FISCAL ANALYST: Beverly Holloway

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

(1) A candidate's committee may not transfer more than \$20,000 to another candidate's committee during a calendar year or upon dissolution. The appropriate election board is required to assess a civil penalty equal to two times the amount of transfers over \$20,000 for a violation.

(2) A candidate for a state office, a legislative office, or a local office may not accept contributions derived from contributions made to a candidate for federal office of more than \$20,000 in a calendar year. The appropriate election board is required to impose a civil penalty equal to two times any amount over \$20,000 that a candidate receives from federal contributions.

(3) A political action committee may not make aggregate contributions of more than \$5,000 to all candidates for a state office during the period before the nomination date of the candidates or during the period between the nomination date and December 31 following the general election. Additionally, a political action committee may not make aggregate contributions of more than \$1,000 to all candidates for a local office or a legislative office during the period before the nomination date of the candidates or during the period between the nomination date and December 31 following the general election.

(4) An individual may not make aggregate contributions of more than \$5,000 to all candidates for a state office during the period before the nomination date of the candidates or during the period between the nomination date and December 31 following the general election. Additionally, an individual may not make aggregate contributions of more than \$1,000 to all candidates for a local office or a legislative office during the period before the nomination date of the candidates or during the period between the nomination date and December 31 following the general election. The bill attributes contributions made by an unemancipated individual who is less than 18 years of age to the individual's legal guardians. A violation of the contribution limitations by an individual or a political action committee is a Class B Misdemeanor.

(5) The Election Division is required to make campaign finance reports on the campaign finance report data base available promptly to the public in a searchable format.

(6) An additional campaign finance report is required to be filed current and dated as of September 1 of each year.

(7) A campaign finance report is required to report the name of a contributor's or creditor's employer if the person is an individual who has made aggregate contributions or loans of more than \$1,000 during the calendar year. (Under current law a campaign finance report is required to report only an individual contributor's or creditor's occupation if aggregate contributions or loans exceed \$1,000.)

(8) Repeals the existing large contribution reporting statute and replaces it with a large contribution statute based on federal law. A large contribution report may be filed by fax.

Effective Date: Upon passage; January 1, 2000.

Explanation of State Expenditures: (8) The Election Commission is required to prescribe a form for the reporting of large contributions. This can be done within the existing budget of the Election Commission and does not require an additional state General Fund appropriation.

The remaining provisions of this bill have no fiscal impact.

Explanation of State Revenues: (1) and (2) This bill requires the Election Commission to assess a civil penalty if a candidate's committee transfers more than \$20,000 to another candidate's committee. The Election Commission is also required to assess a civil penalty if a candidate or the candidate's committee receives in the aggregate contributions derived from federal contributions of more than \$20,000. The assessed civil penalty shall be two times the amount of the transfer or contribution of more than \$20,000, plus any investigative costs incurred and documented by the Election Commission. The civil penalties are to be deposited in the Campaign Finance Enforcement Account. The fiscal impact is indeterminable and dependent on the number of civil penalties assessed and collected.

(4) This bill provides that a person who knowingly or intentionally exceeds the contribution limits established in this bill commits a Class B Misdemeanor. A candidates committee commits a Class B Misdemeanor if: (1) a transfer more than an aggregate of \$20,000 is made to any other candidates committee; or (2) expenditures of more than an aggregate of \$20,000 is made to any other candidate's committee. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund could increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: (4) A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: (1) and (2) This bill provides that if a county election board determines that a candidate's committee transfers more than \$20,000 to another candidate's committee or that a candidate or the candidate's committee receives in the aggregate contributions derived from federal

contributions of more than \$20,000, a civil penalty is to be assessed. The assessed civil penalty shall be two times the amount of the transfer or contribution of more than \$20,000, plus any investigative costs incurred and documented by the county election board. The civil penalties are to be deposited in the Campaign Finance Enforcement Account. The fiscal impact is indeterminable and dependent on the number of civil penalties assessed and collected.

(4) If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed, and if collected would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: State Election Commission.

Local Agencies Affected: County election board; Trial courts; Local law enforcement agencies.

Information Sources: